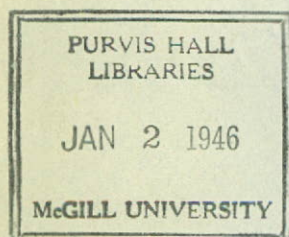


THIRTY-SEVENTH ANNUAL REPORT

DECEMBER 31st, 1940



CANADIAN WESTINGHOUSE COMPANY, LIMITED
HAMILTON - - CANADA



CANADIAN WESTINGHOUSE COMPANY, LIMITED

THIRTY-SEVENTH ANNUAL REPORT

DECEMBER 31st, 1940

The Board of Directors submits the customary certified Balance Sheet of the Company at the close of the fiscal year ended December 31st, 1940, and a statement of the Profit and Loss and Earned Surplus Accounts.

A comparison of the statement of Profit and Loss for the current year with the preceding year's statement is as follows:

	1940	1939
Earnings from all sources including investment returns, etc.....	\$3,241,534.05	\$1,474,206.32
Less:		
Depreciation of Property and Plant.....	430,151.26	432,000.00
Contribution to the Employees' Pension Trust Fund.....	50,000.00	50,000.00
Provision for Dominion and Provincial Taxes on income.....	1,558,000.00	163,031.78
	<u>\$2,038,151.26</u>	<u>\$ 645,031.78</u>
Net Profit for Year.....	\$1,203,382.79	\$ 829,174.54

From the above it is apparent that the amount of business handled by the Company during the year would have produced a much larger profit than the net figures shown above, were it not for the increased rate of Dominion Income Taxes and the incidence of the Excess Profits Tax. While this rate of taxation continues, it will be realized that the Company's earnings will be largely restricted to present levels and cannot appreciably increase even if a much larger volume of business is obtained than formerly. A further effect of these taxes during the period they are in force is the impossibility of increasing the Company's surplus.

Adding to the provision for Dominion taxes included in the statement the further large amounts that we have collected for the Dominion Government in sales and excise taxes, and the substantial figures representing Customs duties and special import tax also paid to the Government, it is apparent that your enterprise is contributing largely to the conduct of the nation's affairs and the prosecution of the war.

The total sales of the Company for the year 1940 were the largest in its history and shipments also, of course, swung upward under the impetus of this influx of sales; although by reason of delays in procurement under wartime conditions, and future deliveries on some of the larger contracts, a considerable volume of business remains on our books for delivery during 1941.

In the electrical departments, the sales of large and medium-sized apparatus predominated, and by far the larger proportion of this apparatus business was for the propulsion of munitions machinery and the supply of additional power required for that purpose.

In the merchandise field, your Company had a good year. The future of this type of business, however, is in some doubt due to the large luxury or excise taxes recently imposed on the sale of certain classes of household appliances, and the desire of the Government that the Canadian people should divert their surplus funds from purchases of this kind to direct contribution to the war effort.

Sales in the Air Brake Department were lower than in the previous year, but the total shipments were greater owing to a large carry-over of the sales made in 1939.

As indicated in last year's report, your Company placed at the disposal of the Allied Governments our available facilities for the manufacture of munitions of war, and both the Canadian and British Governments have since placed orders with us covering apparatus of widely varying types for the Army, Navy and Air Forces. Some of these contracts are now in production and for others it was necessary to provide additional buildings and equipment, arrangements for which were immediately undertaken and which will be placed in operation with all possible speed.

The physical inventories of the Company have been carefully and accurately compiled and the values used are, as customary, the lower of either cost or present market value.

Your Board records with due appreciation the loyalty and efficiency of the Company's forces throughout the year and the ability with which they have successfully coped with the trying conditions confronting your Company at this time.

Your Board records with profound sorrow the death on September 13th, 1940, of Mr. Charles A. Rowan, a Director of the Company since 1934. At the time of his death, Mr. Rowan was Chairman of the Board of the Westinghouse Air Brake Company.

By order of the Board,

PAUL J. MYLER, Chairman;

JOHN R. READ, President.

Hamilton, Canada

February 26th, 1941.

CANADIAN WESTINGHOUSE COMPANY, LIMITED
(INCORPORATED UNDER THE DOMINION COMPANIES ACT)

BALANCE SHEET

AS AT 31ST DECEMBER, 1940

ASSETS

CURRENT ASSETS:

CASH ON HAND AND IN BANKS - - - - -	\$ 2,306,154.04
GOVERNMENT BONDS, ETC., AT BOOK VALUE - - - - -	4,943,519.75
(QUOTED MARKET VALUE \$5,001,376.95)	
ACCOUNTS RECEIVABLE LESS RESERVE - - - - -	1,736,609.30
INVENTORIES OF MATERIALS AND PRODUCTS FINISHED AND IN PROCESS AS DETERMINED AND CERTIFIED BY THE MANAGEMENT AND VALUED AT THE LOWER OF COST OR MARKET - - - - -	6,153,340.69

\$15,139,623.78

PROPERTY AND PLANT:

REAL ESTATE, BUILDINGS, MACHINERY, TOOLS AND EQUIP- MENT; MAIN OFFICE AND DISTRICT OFFICE PROPER- TIES—AT COST LESS DEPRECIATION - - - - -	5,722,241.36
PREPAID INSURANCE AND DEFERRED CHARGES - - - - -	122,886.20
PATENTS, RIGHTS AND LICENSES - - - - -	1.00

\$20,984,752.34

LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUED CHARGES - - - - -	1,550,021.48
PROVISION FOR SERVICE GUARANTEES - - - - -	81,000.00
ADVANCE PAYMENTS RECEIVED ON CONTRACTS - - - - -	1,751,458.93
PROVISION FOR TAXES - - - - -	1,564,122.81

\$ 4,946,603.22

GENERAL RESERVE - - - - -

400,000.00

CAPITAL STOCK:

AUTHORIZED — 900,000 SHARES OF NO PAR VALUE - - -	
ISSUED — 546,000 SHARES OF NO PAR VALUE - - -	\$ 9,100,000.00
EARNED SURPLUS - - - - -	6,538,149.12

15,638,149.12

\$20,984,752.34

FOR THE DIRECTORS:

PAUL J. MYLER,
JOHN R. READ.

CANADIAN WESTINGHOUSE COMPANY, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1940

NET EARNINGS FROM OPERATIONS BEFORE PROVISION FOR DEPRECIATION			\$ 3,022,443.93
INTEREST ON INVESTMENTS			176,632.52
PROFIT ON SALE OF INVESTMENTS			42,457.60
			<u>\$ 3,241,534.05</u>
DEDUCT:			
DEPRECIATION OF PROPERTY AND PLANT	\$ 430,151.26		
CONTRIBUTION TO EMPLOYEES' PENSION TRUST FUND	50,000.00	480,151.26	
			<u>\$ 2,761,382.79</u>
PROVISION FOR DOMINION AND PROVINCIAL TAXES ON INCOME		1,558,000.00	
			<u>\$ 1,203,382.79</u>
NET PROFIT FOR YEAR BEFORE TAXES ON INCOME			
PROVISION FOR DOMINION AND PROVINCIAL TAXES ON INCOME			
NET PROFIT FOR YEAR			
Note: The expenditures for the year include the following: Directors' Fees	\$ 20,000.00		
Executives' Remuneration and Legal Fees	100,417.07		

EARNED SURPLUS ACCOUNT

BALANCE AT 1ST JANUARY, 1940		\$ 6,426,766.33
ADD NET PROFIT FOR YEAR		1,203,382.79
		<u>\$ 7,630,149.12</u>
LESS DIVIDENDS PAID		1,092,000.00
		<u>\$ 6,538,149.12</u>
BALANCE AT 31ST DECEMBER, 1940		

AUDITORS' REPORT

TO THE SHAREHOLDERS, CANADIAN WESTINGHOUSE COMPANY LIMITED:

We have made an examination of the accompanying balance sheet of Canadian Westinghouse Company Limited as at 31st December, 1940, and of the statements of profit and loss and surplus for the year ending on that date. In connection therewith we made a test audit of the accounting records of the company and obtained all the information and explanations we required from its officers and employees; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of all the transactions.

We report that in our opinion, based upon such examination, the accompanying balance sheet and related statements of profit and loss and surplus have been drawn up so as to exhibit a true and correct view of the state of the Company's affairs at 31st December, 1940, and of the results of its operations for the year, according to the best of our information and the explanations given us and as shown by the books.

CLARKSON, GORDON, DILWORTH AND NASH,
Chartered Accountants.

Hamilton, Canada,
21st February, 1941.

* term expires
annual meeting apr 41

BOARD OF DIRECTORS

PAUL J. MYLER, CHAIRMAN

GEO. A. BLACKMORE	S. C. McCONAHEY
* N. S. BRADEN	F. A. MERRICK
* GEO. H. BUCHER	* JOHN R. READ
SIDNEY G. DOWN	* A. W. ROBERTSON

RALPH KELLY

* elect coles.

EXECUTIVE COMMITTEE

GEO. A. BLACKMORE	JOHN R. READ
F. A. MERRICK	A. W. ROBERTSON

PAUL J. MYLER

OFFICERS

PAUL J. MYLER, CHAIRMAN	H. A. COOCH, VICE PRESIDENT
N. S. BRADEN, VICE CHAIRMAN	C. H. MITCHELL, VICE PRESIDENT AND MANAGER OF WORKS
JOHN R. READ, PRESIDENT	E. M. COLES, VICE PRESIDENT
F. A. MERRICK, VICE PRESIDENT	C. N. SALVISBURG, TREASURER
W. E. SPRAGUE, VICE PRESIDENT AND SECRETARY	JOHN S. MARTIN, COMPTROLLER

EXECUTIVE OFFICES - HAMILTON, CANADA

CANADIAN WESTINGHOUSE COMPANY, LIMITED

PRINCIPAL OFFICE AND WORKS, HAMILTON, ONTARIO

SALES OFFICES

MONTREAL, QUE.

HALIFAX, N. S.

WINNIPEG, MAN.

VANCOUVER, B. C.

TORONTO, ONT.

OTTAWA, ONT.

LONDON, ONT.

SWASTIKA, ONT.

FORT WILLIAM, ONT.

CALGARY, ALTA.

EDMONTON, ALTA.

REGINA, SASK.

SASKATOON, SASK.